

Senate File 604 - Introduced

SENATE FILE _____
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1356)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the percentage of actual value at which
2 residential property and certain commercial residential
3 property are assessed for purposes of property taxation and
4 providing an annual appropriation for a specified number of
5 years to replace commercial property tax revenues lost to
6 counties and cities.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
8 TLSB 2910SV 82
9 sc/es/88

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1 1 Section 1. NEW SECTION. 426C.1 COMMERCIAL PROPERTY TAX
1 2 REPLACEMENT FUND CREATED.
1 3 A commercial property tax replacement fund is created under
1 4 the control of the department of revenue. For the fiscal
1 5 period beginning July 1, 2009, and ending June 30, 2014, there
1 6 is appropriated annually from the general fund of the state to
1 7 the department of revenue to be credited to the commercial
1 8 property tax replacement fund the sum of eighteen million
1 9 dollars. Any balance in the fund on June 30 shall revert to
1 10 the general fund of the state.
1 11 Sec. 2. NEW SECTION. 426C.2 REPLACEMENT.
1 12 For the fiscal year beginning July 1, 2009, through the
1 13 fiscal year ending June 30, 2014, each county treasurer shall
1 14 be paid from the commercial property tax replacement fund an
1 15 amount equal to the amount of the commercial property tax
1 16 replacement claim calculated in section 426C.3.
1 17 If the amount appropriated to the commercial property tax
1 18 replacement fund for a fiscal year is insufficient to pay all
1 19 claims, the director shall prorate the disbursements to the
1 20 county treasurers and shall notify the county auditors of the
1 21 pro rata percentage on or before September 30.
1 22 Sec. 3. NEW SECTION. 426C.3 COMPUTATION OF REPLACEMENT
1 23 CLAIM.
1 24 1. On or before July 1 of each year of the fiscal period
1 25 specified in section 426C.1, the county auditor shall prepare
1 26 a statement listing for the county and each city in the
1 27 county:
1 28 a. The difference between the assessed value of the
1 29 property defined in section 441.21, subsection 13, paragraph
1 30 "b", as assessed on January 1, 2007, and the assessed value of
1 31 such property as assessed pursuant to section 441.21,
1 32 subsection 13, paragraph "a", for the assessment year
1 33 beginning January 1, 2008, January 1, 2009, January 1, 2010,
1 34 January 1, 2011, or January 1, 2012, as applicable.
1 35 b. The tax levy rate for the county and each city
2 1 certified for the fiscal year previous to the fiscal year in
2 2 which the claim will be paid.
2 3 c. The commercial property tax replacement claim for the
2 4 county and each city, which is equal to the amount determined
2 5 pursuant to paragraph "a" multiplied by the applicable tax
2 6 levy rate specified in paragraph "b".
2 7 2. The county auditor shall certify and forward one copy
2 8 of the statement to the department of revenue not later than
2 9 July 1 of each year of the fiscal period specified in section
2 10 426C.1.
2 11 Sec. 4. NEW SECTION. 426C.4 REIMBURSEMENT.
2 12 Each county treasurer shall be reimbursed an amount equal
2 13 to the commercial property tax replacement claim for that
2 14 county determined pursuant to section 426C.3, subsection 1,

2 15 paragraph "c". The reimbursement shall be made in two equal
2 16 installments on or before September 30 and March 31 of each
2 17 year. The county treasurer shall apportion the disbursement
2 18 to the county and to each city in the county, as applicable,
2 19 in the manner provided in section 445.57.
2 20 Sec. 5. Section 441.21, subsection 4, Code 2007, is
2 21 amended by adding the following new unnumbered paragraph:
2 22 NEW UNNUMBERED PARAGRAPH. For valuations established as of
2 23 January 1, 2008, and each year thereafter, the percentage of
2 24 actual value, as equalized by the director of revenue as
2 25 provided in section 441.49, at which residential property
2 26 shall be assessed shall not be less than the percentage of
2 27 actual value determined for residential property for the
2 28 assessment year beginning January 1, 2007. If the percentage
2 29 of actual value of residential property as calculated in
2 30 accordance with this subsection is less than the percentage of
2 31 actual value determined for residential property for the
2 32 assessment year beginning January 1, 2007, the director of
2 33 revenue shall increase the percentage to the percentage of
2 34 actual value determined for residential property for the
2 35 assessment year beginning January 1, 2007. For purposes of
3 1 determining valuations in the assessment year beginning
3 2 January 1, 2009, and for each subsequent assessment year, the
3 3 percentage for the prior year as determined under this
3 4 subsection before adjustment under this paragraph, if
3 5 necessary, shall be the percentage used in making the
3 6 calculation of the dividend for that assessment year.
3 7 Sec. 6. Section 441.21, Code 2007, is amended by adding
3 8 the following new subsection:
3 9 NEW SUBSECTION. 13. a. Beginning with valuations
3 10 established on or after January 1, 2008, property that is an
3 11 apartment building, a mobile home park, a manufactured home
3 12 community, or a land=leased community shall be valued as a
3 13 separate class as commercial residential property and shall be
3 14 assessed at a percentage of actual value, as equalized by the
3 15 director of revenue as provided in section 441.49, as follows:
3 16 (1) For valuations established for the assessment year
3 17 beginning January 1, 2008, ninety percent of actual value.
3 18 (2) For valuations established for the assessment year
3 19 beginning January 1, 2009, eighty percent of actual value.
3 20 (3) For valuations established for the assessment year
3 21 beginning January 1, 2010, seventy percent of actual value.
3 22 (4) For valuations established for the assessment year
3 23 beginning January 1, 2011, sixty percent of actual value.
3 24 (5) For valuations established for the assessment year
3 25 beginning January 1, 2012, and each year thereafter, the same
3 26 percentage as the percentage of actual value established for
3 27 residential property.
3 28 b. As used in paragraph "a":
3 29 (1) "Apartment building" means the land and building used
3 30 primarily for human habitation and containing three or more
3 31 separate living quarters, as well as structures and
3 32 improvements used primarily as a part of or in conjunction
3 33 with such land and building. "Apartment building" does not
3 34 include a hotel, motel, inn, or other building where rooms are
3 35 usually rented for less than one month, a nursing home, or a
4 1 rest home.
4 2 (2) "Land=leased community" means the same as defined in
4 3 sections 335.30A and 414.28A.
4 4 (3) "Manufactured home community" means the same as a
4 5 land=leased community.
4 6 (4) "Mobile home park" means the same as defined in
4 7 section 435.1.

4 8 EXPLANATION

4 9 This bill sets a percentage of actual value at which
4 10 residential property and a newly created class of property,
4 11 commercial residential property, are to be assessed for
4 12 property tax purposes. The bill defines commercial
4 13 residential property as property that is an apartment
4 14 building, a mobile home park, a manufactured home community,
4 15 or a land=leased community.
4 16 The bill provides that the percentage of actual value at
4 17 which residential property may be assessed shall not be
4 18 reduced below the percentage of actual value established for
4 19 residential property for the assessment year beginning January
4 20 1, 2007, beginning with assessments made January 1, 2008, for
4 21 taxes payable in FY 2009=2010.
4 22 The bill also provides that for the 2008 assessment year,
4 23 the percentage of actual value at which commercial residential
4 24 property shall be assessed is 90 percent of actual value. For
4 25 the 2009 assessment year, the percentage is 80 percent of

4 26 actual value. For the 2010 assessment year, the percentage is
4 27 70 percent of actual value. For the 2011 assessment year, the
4 28 percentage is 60 percent of actual value. For the 2012
4 29 assessment year, and subsequent assessment years, the
4 30 percentage is the percentage of actual value established for
4 31 residential property.
4 32 The bill creates the commercial property tax replacement
4 33 fund and appropriates \$18 million annually to the fund for the
4 34 fiscal period beginning July 1, 2009, and ending June 30,
4 35 2014. A county, on behalf of the county and each city in the
5 1 county, may, for those fiscal years, claim reimbursement for
5 2 revenues lost due to the reduction in the assessment on
5 3 commercial residential property.
5 4 LSB 2910SV 82
5 5 sc:rj/es/88